

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 58 – SB 999

March 19, 2013

SUMMARY OF ORIGINAL BILL: Changes the method for payment of current debt by requiring the State Funding Board to certify to the Department of Finance and Administration (F&A) the amount necessary for state debt obligations. Upon certification from F&A, requires the State Funding Board to submit required information to the State Treasurer for payment of such debts. Updates other various provisions of public financing requirements.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – According to the Comptroller, passage of this bill could lead to higher bond ratings that could subsequently reduce the cost of debt for the state. Otherwise, the fiscal impact for the bill is estimated to be not significant.

SUMMARY OF AMENDMENT (004546): Deletes all language after the enacting clause. Changes the method in current law for payment of current debt by requiring the State Funding Board to certify to F&A the amount necessary for state debt obligations. Requires the Local Finance Division of the Comptroller of the Treasury to calculate the debt service limitation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Comptroller of the Treasury, there will not be a significant fiscal impact resulting from implementation of this bill as amended. However, there is a chance that national bond rating agencies may take these new provisions into account when evaluating the state. This may lead to higher bond ratings in the future which would lower the cost of debt.
- According to the Department of Treasury, enactment of the bill as amended will not require additional resources.

- Any increase in state expenditures for the Division of Local Finance to calculate the debt service limitation is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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